

Wiltshire Council - Cost Management

Wiltshire Council is a Local Authority client with over 5,000 properties, mainly in the Salisbury and South Wiltshire area, which are rented to tenants including 22 Sheltered Housing schemes across the district giving older people the opportunity to live independently in the community with a level of support.

Following an initial procurement exercise for their housing maintenance contracts in 2012, Impart links were commissioned as Cost Consultants for the repairs contracts.

Impart links assisted Wiltshire Council in procuring their housing maintenance contracts in 2012. The procurement consisted of 4 lots of work covering planned works, responsive works, electrical and gas servicing. After award of the contracts, Impart links were commissioned as cost consultants to cost manage the mobilisation and complete the monthly valuation process with each of the contractors and to include the agreement of the annual final accounts.

Impart links provided the following services to Wiltshire Council;

- Preparation and Agreement of the Cost Models
- Preparation and Agreement of the Price Framework
- Negotiate and Agree the Contract Documents
- Agreement of Monthly Valuations
- Completion of Monthly Cost Report and Budget Monitoring

Preparation and Agreement of the Cost Models

2a Cost Model Diagram



A bespoke cost model was developed for each contractor for each lot using the tendered prices and turnover risk ranges

Negotiate and Agree the Contract Documents

The contract was procured under TPC 2005. Contract tools such as the partnering timetable was utilised to ensure key dates and pre-conditions were met to assist in prompt execution of the contract documents.

Appendix 4 Partnering Timetable 29/5/13

Lot 1 Planned Maintenance, Modernisations and Renewals

Jan Williams Limited

Description of Activity	Clause	Partnering Team Members Responsible	Period / Deadline	Additional Comments
Commercially Sensitive Information	15.10.3	IW / Wiltshire	8 th May 2013	Complete
Key Personnel	11.4	IW	10 th May 2013	Complete
Provide details of insurance cover	10.1 & 10.2	IW	10 th May 2013	Complete
Provide specialist insurance cover	10.1 & 10.2	IW	10 th May 2013	Complete
Provide Parent Company Guarantee	15.12	IW	10 th May 2013	Received - Wiltshire to review
Provide Performance Bond	15.13	IW	10 th May 2013	Received - Wiltshire to review
Provide evidence that IW are entitled to be paid without statutory deduction		IW	10 th May 2013	Complete
Provide business continuity planning policy	15.16	IW	10 th May 2013	Complete
Provide Construction Phase Plans in compliance with CDM Regulations		IW	10 th May 2013	Complete
Complete UPE obligations	15.47	IW	3 rd May 2013	Complete
Agree schedule of required collateral warranties	15.38	IW	10 th May 2013	Complete
Submit contract documents to IW for review		IW	1 st May 2013	Complete
IW to review and agree contract documents		IW	10 th May 2013	Awaiting Comments
Finalise and sign contracts		IW / IL / Wiltshire	1 st May 2013	Overdue
Dense core group meetings and attendees	1.7	IW / IL	1 st May 2013	Overdue

Preparation and Agreement of the Price Framework

Impart links prepared and agreed price frameworks for all contracts including:

- The commercial administration method for each sub lot
- The anticipated turnover
- The method for measuring on-cost
- The application of performance profit
- Risks and indicators

As with most procurement processes the contractor may have a specific tender strategy to win the contract which will include allocating risk and in some cases manipulating the tender cost model. Usually during the mobilisation period post award, the contractor will attempt to negotiate and share the risk, mitigate any issues with their pricing strategy and implement a profit improvement plan. Wiltshire's tender pricing strategies were reviewed and clarified during the tender. The key to the negotiation was to remove any subjective element and deal simply on the facts presented and agreed in a commercial workshop environment with the contractor and client.

Completion of Monthly Cost Report and Budget Monitoring

The first quarters valuations, once completed for all 5 lots built up a level of understanding on the process and resulted in the following;

- 10% spot checks on site of works carried out and measures
- 100% administration checks assessing handover documentation
- Thorough audit of costs deemed open book, including review of cost system and invoices
- Prelims review to ensure the contractors delivery personnel was in line with their prelim book
- Review of profits
- Review of risk allowances

Agreement of Monthly Valuations

Valuations and invoices are received by Impart links and reviewed for compliance with the cost model and audited against actual works completed on site. Recommendations are then made to Wiltshire Council for payment in line with the contract